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June 9, 2006

Mr. Richard J. Aaron
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RE: FREEDOM OF INFORMATION ACT REQUEST

Dear Mr. Aaron:

On June 8, 2006, I received your payment of \$102.25 for the documents you requested in your hand-delivered letter dated June 7, 2006.

A review of agency files has been completed and the documents that we believe respond to your request are enclosed:

- 1) Transcripts in Case No. U-10547, Volume 15, 9/7/94, Page 2696 through Page 2932
- 2) Transcripts in Case No. U-10547, Volume 16, 9/8/94, Page 2933 through Page 3106

Sincerely,

Mary Jo Kunkle
Executive Secretary

Enclosure(2)

File
136

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application)
of MICHIGAN CONSOLIDATED GAS)
COMPANY for approval of the)
construction and operation of)
certain pipeline segments and)
related facilities (the Antrim)
Expansion Project) in Alcona,)
Alpena, Clare, Crawford, Kalkaska,)
Mecosta, Missaukee, Montcalm,)
Montmorency, Osceola and Otsego)
Counties, Michigan.)

Case No. U-10547
Volume 16

Proceedings held in the
above-entitled Matter before Administrative Law Judge
Theodora M. Mace, on Thursday, September 8, 1994,
at the Michigan Public Service Commission, 6545
Mercantile Way, Lansing, Michigan, commencing at or
about 9:00 a.m.

1-ORIGINAL - FILE
3-copies
LEGAL
JUDGE
GAS

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MAZUCHOWSKI CROSS SMITH

Lansing, Michigan

Thursday, September 8, 1994

9:00 a.m.

P R O C E E D I N G S

JUDGE MACE: All right, let's go back on the record in Case U-10547. Mr. Smith, I think you were cross-examining last night, and you still have to finish up your cross-esamination this morning; is that right?

MR. SMITH: That's correct, Your Honor.

JUDGE MACE: Why don't you go ahead?

KR. SMITH: Thank you very much.

CROSS-EXAMINATION (CONTINUING)

BY MR. SMITH:

Q Good morning, Mr. Mazuchowski.

A Good morning.

Q If you would, please, would you turn to your DJM-2, which is S-206?

A Yes.

Q And in particular, I would like for you to look at column 4, year 2?

A Yes.

Q If I understand correctly, that is off-system gas?

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- 1 A That's correct.
- 2 Q Including fuel and CO2?
- 3 A Yes.
- 4 Q Okay. And for year 2, you show a total off-system
5 gas of fuel and CO2 of 146?
- 6 A That's correct.
- 7 Q Okay. Of that 146, how much of that is attributable
8 to fuel and CO2?
- 9 A It would be 11.
- 10 Q Leaving a net, then, of 135 in gas?
- 11 A Yes.
- 12 Q Thank you. Continuing, then, to the right-hand
13 column, or the next column, Number 5, if you subtract
14 the 146 of off-system gas from the Staff adjusted
15 total Antrim of 510 in column 3, you then get to the
16 total throughput on your proposed system of 364; is
17 that correct?
- 18 A That's correct.
- 19 Q And then, you, under your proposal, would break that
20 down so that 104 of the 364 would be shipped on the
21 wet header, the existing wet header, correct?
- 22 A That's correct.
- 23 Q And 260 would go through the new 20-inch line that
24 goes from South Chester to Goose Creek?
- 25 A That's correct.

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- 1 Q Thank you. Now, if you would be kind enough, please,
2 would you look to your DJM-3, which is S-207?
- 3 A Yes.
- 4 Q All right. The east side Niagaran production is
5 predicted to be 45 million cubic feet a day; am I
6 correct?
- 7 A Yes.
- 8 Q Of the off-system gas, you have shown 40 million
9 cubic feet a day for the Mercury Wilderness system.
10 Could you tell me where you got that figure?
- 11 A From the application in U-10508, I believe is the
12 Mercury Goose Creek pipeline.
- 13 Q Are you aware that Mercury is currently producing 15
14 million a day into the Great Lakes line?
- 15 A Yes, I am.
- 16 Q And that they have contractual rights to produce 30
17 into Consumers?
- 18 A Yes, I am.
- 19 Q In the next line, Major's Jordan Valley pipeline, you
20 show 35 million cubic feet a day?
- 21 A Yes.
- 22 Q And where did you get that number?
- 23 A That was just my estimate of what that pipeline
24 system could do based on the C02 plant size.
- 25 Q All right --

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1 A And then --

2 Q And what?

3 A No further answer.

4 Q And then the Saginaw Bay Lovells pipeline, did you
 5 get that from estimates in 10486?

6 A I think from this case and that case.

7 Q Okay. In the Hunting Mancelona --

8 JUDGE MACE: Ha g od, just a
 9 moment, Mr. Smith.

10 (Brief discussion off the record.)

11 MR. SMITH: Thank you.

12 Q (BY MR. SMITH, CONTINUING) The Hunting Mancelona
 13 gathering system, you show five million cubic feet a
 14 day, where did you get that figure?

15 A That's my estimate of what that system will do based
 16 on what it's been doing currently.

17 P Is it your understanding that it's currently
 18 producing, or transporting, I'm sorry, five million a
 19 day?

20 A Approximately, yes.

21 Q What is the basis of your understanding, is that
 22 something you have heard?

23 A I looked at the production reports, and you know, I
 24 think -- it's my 1996 estimate of what this system
 25 would do, you know, based on what it's producing now,

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which I think is a little bit lower.

Q You think now it's lower than the five?

A Currently the system isn't producing five, but I think it could produce five by 1996.

Q Okay. And the next line is the FPI Gaylord system, which yesterday you told us was a Gage production?

A Yes.

Q Where did you get that figure of five million cubic feet a day?

A That was my estimate of what that system would be able to do based on what it has done in the past.

Q What is your understanding of where the Gage gas goes after it goes through the FPI Gaylord system?

A It goes onto the MichCon dry system, Gaylord-Alpena line.

Q What is your understanding of where the Hunting Mancelona gas goes after it gets off of that system?

A It goes onto MichCon's dry system between Petoskey and Kalkaska.

Q Continuing on down in your same exhibit, S-207, you show shrinkage and fuel for CO2 removal at 45 million cubic feet a day. Is that for all of the Antrim production?

A Yes, it is.

Q Does that include shrinkage and fuel use for the

MAZUCHOWSKI CROSS SMITH

1 eastside Niagaran production?

2 A Excuse me, the shrinkage would include everything but
3 the off-system shrinkage, so it would be the
4 shrinkage of 590 minus 135 is how they calculate the
5 shrinkage.

6 Q Okay. Does it include shrinkage and fuel for the
7 eastside Niagaran production?

8 A No, it doesn't.

9 Q So it would only be shrinkage and fuel for the Antrim
10 production, which is on-system?

11 A That's correct.

12 Q And what is the basis for that figure, where did you
13 get it, or how did you arrive at that?

14 A I arrived at it by roughly eight to eight and a half
15 percent would be CO2 physically removed from the
16 system, one to two percent would be fuel used to
17 remove that, which I average to be 10 percent.

18 Q Okay. So you sort of lumped it together and applied
19 10 percent as a reasonable figure for both of those
20 items?

21 A Yes.

22 Q As compared to doing a specific study of the sources
23 of the Antrim production and what the CO2 level was
24 for the various volumes?

25 A Well, no, I looked at what the CO2 was counting in

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1 the South Chester plant, which is 10 to 11 percent
2 and had to come down to two percent, so that's eight
3 to nine percent right there, a shrinkage, plus I just
4 -- you know, fuel from based on what MichCon used in
5 this case was one to two percent, so I just used the
6 10 percent number in the approximation.

7 Q And some of the Antrim production actually comes in
8 to be treated at four and five percent CO2, correct?

9 A Some, but not a lot.

10 Q Right. So you felt that a reasonable break-off was
11 at about eight to eight and a half percent; is that
12 how you got to that figure?

13 A Yes, and plus the fact that the CO2 could increase in
14 the future that I estimated at 10 percent was the
15 reasonable number.

16 Q Have you done any study to be able to predict whether
17 or not CO2 levels will increase in the future?

18 A I've reviewed some literature on it, and just based
19 on the mechanics of the molecules that if there is
20 CO2 -- since there is CO2 in the gas, that it moves
21 slower than methane and there's a possibility that it
22 could increase in the future, but I haven't really
23 determined what kind of rate that would be.

24 Q All right. Would you now turn to DJM-4, which is
25 S-208?

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3 A Yes.

2 Q In particular, I'd like to look at that part which is
3 under Staff's expected flow rates, in the center of
4 that exhibit?

5 A Yes.

6 Q Now, you show 41 million cubic feet of gas a day
7 attributable to the west wet header volumes, and I
8 believe yesterday you told us that that is all
9 non-Antrim gas?

10 A No, that -- when that number was derived by MichCon,
11 there was no Antrim gas on the west side of the
12 state. There may just be a little bit of Antrim gas
13 coming in on that side, but these numbers were
14 derived before there was any known Antrim production.
15 So basically, there is no Antrim production in that
16 number.

17 Q And if there is Antrim production, you would expect
18 it to be in addition to the 41, wouldn't you?

19 A Yes.

20 Q Okay. Now, if you would look at the next line for
21 the east wet header volumes, you show 325 million
22 cubic feet of gas a day, and am I correct that that
23 is broken down as 280 of Antrim and 45 of Niagaran?

24 A Well, it's just the capacity of the wet header
25 system, you know, as testified by MichCon. You could

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- 1 use the same numbers that MichCon used for '96
- 2 Niagaran and come up with, I think, those numbers.
- 3 Q All right. And you next show the Saginaw Bay Antrim,
- 4 and by that you're referring to the Saginaw Bay
- 5 Lovells line?
- 6 A Yes, I am.
- 7 Q And you would expect all of that production to be
- 8 Antrim production?
- 9 A Yes.
- 10 Q You next go to Saginaw Bay PDC, and by that you're
- 11 referring to the original Saginaw Bay line from the
- 12 Bay City area to Kalkaska?
- 13 A That's correct.
- 14 Q And the 40 million a day there is all PDC gas, which
- 15 is non-Antrim?
- 16 A That's correct.
- 17 Q The next column is ANR contracted volumes, and if I
- 18 understand, this is capacity that ANR has under
- 19 contract; is that correct?
- 20 A That's correct.
- 21 Q And they have a right to use that space on the
- 22 pipeline?
- 23 A That's correct.
- 24 Q All right. The next is local markets, and of this,
- 25 this would be 20 million cubic feet a day that would

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be used in the general area **of** the Antrim system that you have proposed, right?

3 **A** It would be used in the, you know, Kalkaska, Traverse
4 City, Petoskey areas.

5 **C** It would be used in an area **so** that it would not
6 require downstream capacity?

7 **Correct.**

Okay. Do you have any idea how much of that **20**
million **a** day would be Antrim production and how much
10 would be non-Antrim?

11 **No.**

12 **All right. And then next you show shrinkage of five**
13 **million cubic feet a day. And where is that**
14 **shrinkage?**

15 **A That's Just specifically for the Saginaw Bay Antrim**
16 **volume, which is just my same 10 percent number,**
17 **just, you know, simple --**

18 **Q Okay.**

19 **A -- arithmetic off the 50 leaves five.**

20 **Q That would be the Saginaw Bay Lovells line?**

21 **A Correct.**

22 **Q And then you show an incremental Antrim volume of 15.**
23 **What is the source of that?**

24 **A I'd like to change that number to 57 to be consistent**
25 **with Exhibit 206, which is the 510 that's listed**

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1 under column 3, that would correspond to be 57
2 instead of 15.

3 Q Okay. Now, bear with me a little bit, I'm a little
4 slow, I'm trying to figure this out. Show me on 206,
5 5-206, where you get to the 57 figure?

6 A If you start with that 510.

7 Q Yes, sir.

8 A And it's under column 3.

9 Q Right,

10 A Then you have to go back to Exhibit 207 and do a
11 similar calculation to get a number that -- see the
12 130 on Exhibit 2071

13 Q Yes.

14 A Now, that starts with the 590, and that 130 number
15 corresponds to the number on 208 on the bottom under
16 maximum. Did you follow that?

17 Q okay,

18 A So to get a similar number for 57, you'd have to
19 start with 510 on Exhibit 207 and just work through
20 by arithmetic to get 57. You know, to come up with a
21 corresponding number for 130, that would be 57,

22 Q All right. So would it be appropriate, then, to
23 amend your S-208 --

24 A I'd like -- excuse me.

25 Q -- and change the 15 to 57?

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- 1 A I'd like to change three numbers on S-208.
- 2 P Okay. Well, let's just go one at a time, okay?
- 3 A Okay.
- 4 Q Is it appropriate to change the 15 to 57?
- 5 A Yes.
- 6 Q All right. Does that result in a change in the 896?
- 7 A Yes, then the retotaling, the readdition of those
- 8 numbers would change the 896 to 938.
- 9 Q And you said you had a thira number you wanted to
- 10 change?
- 11 A The third number would be another subtraction from
- 12 938 to 930, that would change the zero to an eight.
- 13 Q Wait a minute, I'm not following you.
- 14 a The bottom number in the middle column, which is
- 15 zero.
- 16 Q Okay.
- 17 A Would be struck, and eight would be changed.
- 18 Q You're talking about total downstream available?
- 19 A No, that number would remain the same, 930, but the
- 20 zero below that --
- 21 Q I see.
- 22 A -- would change from zero to eight.
- 23 Q Thank you. Okay. Now, when you say you have
- 24 incremental Antrim volume of 5?, you're talking about
- 25 you need an incremental Antrim volume of 57?

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1 A To be able to move the Staff expected volume, you
2 need 57 million more of capacity.

3 Q More than what you have shown is already existing?

4 A More than the existing capacity that's out there, you
5 need 57 million a day more capacity than what's out
6 there today.

7 Q Okay. And you're showing in the upper part, the
8 upper half of your 208, S-208, you're showing the
9 existing capacity?

10 A The upper half -- oh, I show some capacity and some
11 volumes that are moving that fills up other capacity.

12 Q Okay. And then in the lower part for downstream
13 capacity available, you are indicating that this is
14 the amount of capacity that will be available under
15 your proposed plan?

16 A Well, the exhibit depicts -- you know, the downstream
17 capacity available is what physically the MichCon and
18 Consumers system can handle, the 270 number there,
19 the 25, the 185 and the 450, that's what the MichCon
20 system physically can handle.

21 Q Right.

22 A And then the numbers above that, they're just numbers
23 that fill up that, but they overfill it in some
24 cases, and they're pretty close to zero in others.

25 Q All right. And the other capacity that you show to

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1 be available is shown by your asterisk down at the
2 bottom of the page, backhauls on Great Lakes and ANR?

3 A Yes.

4 Q If you would go to S-209, please?

5 A Yes.

6 Q Okay. Under the "Pipe Needed" exhibit, after the
7 subtotal, you show \$7.6 million for replacement costs
8 of the 12-inch from M-72 to Kalkaska?

9 A Yes.

10 I All right. How did you arrive at that figure?

11 I I took -- to be consistent with how I came up with
12 the other numbers, I took a prorated number based on
13 what it would cost MichCon to build a 12-inch
14 pipeline in this case, which I believe was the Gustin
15 pipeline. So I just, you know, prorated the miles
16 based on what MichCon had estimated to be cost to
17 construct.

18 Q Okay. In other words, if MichCon estimated X number
19 of dollars per mile for the Gustin line, you applied
20 that same X to the number of miles for the M-72 to
21 Kalkaska line?

22 A That's correct.

23 Q Okay. How old is the M-72 to Kalkaska line?

24 A Around 20 years old.

25 Q Okay. Continuing on that same exhibit, you indicate

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1 that you have some assumptions, first of all, that
2 there are connections in through Great Lakes at
3 Wilderness. Are you assuming the connection that's
4 already there or some additional connection?

5 A I'm just -- that was just for reminder purposes, that
6 would be the existing connection to Great Lakes.

7 Q Are you assuming that there will be any cost for the
8 use of that existing connection?

9 A Well, that's not what this exhibit shows.

10 Q I'm not asking you if that's what the exhibit shows,
11 I'm asking you if you've assumed that there will be a
12 cost for the use of that connection?

13 A Yeah, I assume there would be a cost, yes.

14 Q And what cost did you assume?

15 A I never calculated that far, I just estimated the
16 capital costs.

17 Q Is that connection owned by Mercury?

18 A Yes.

19 Q And would that then be a vendored service into your
20 proposal?

21 A Well, I had assumed that it would more or less be a
22 rolled-in cost, because the metering that I included
23 on this exhibit would be an upgrade of the Wilderness
24 meter. So the cost to use that meter was figured out
25 by Sue Devon. By including the incremental metering

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1 cost here, the cost was rolled into the project.

2 P Okay. So that was rolled into your seven and some --

3 A Right.

4 Q -- cents cost? Who would actually pay for upgrading

5 that interconnect?

6 A MichCon, under my proposal.

7 Q All right. Now, under your proposal, every shipper

8 on your proposed line would pay for that interconnect

9 at Wilderness Creek, or the upgrading of it, whether

10 they used it or not?

11 A That's correct.

12 Q Now, you also say that you assumed that the northern

13 terminus of the Jordan Valley pipeline has a

14 connection into Great Lakes. Maybe I'm just confused

15 about my geography, but doesn't the northern terminus

16 of Saginaw -- I mean, the Jordan Valley line go into

17 the MichCon dry line between Ralkaska and Petoskey?

18 A That northern should be changed probably to eastern

19 terminus. That line runs east and west --

20 Q That's what I --

21 A -- not north and south. So it should be eastern

22 terminus.

23 Q You're talking about the planned interconnect from

24 Jordan Valley that actually goes from the east of the

25 C02 facility to the Great Lakes line?

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1 A Well, in the vicinity of that CO2 plant, there's a
2 connection to Great Lakes.

3 Q Well, you understand that the CO2 plant is to the
4 west of the Great Lakes line?

5 A Right, but you know, it's just a short distance to
6 connect up to the Great Lakes line, and that is part
7 of that pipeline is to connect it. That was -- the
8 design of that pipeline was to connect to Great
9 Lakes.

10 Q And when you say you're also assuming that Saginaw
11 Bay would construct a pipeline of plant, you're
12 talking about the Saginaw Bay Lovells?

13 A Yes.

14 Q As of May of 1994, and I use that date because we had
15 the Maness report introduced into evidence, it's
16 I-198, how much Antrim gas was being transported off
17 of the MichCon wet header system?

18 A During the month of May, how much was coming off the
19 system?

20 Q Yeah, generally at that time.

21 MR. ERICKSON: Your Honor, may I
22 seek a clarification? Does he mean off-system in the
23 sense we've talked about it not flowing on MichCon,
24 or does he mean exiting the MichCon system.

25 MR. SMITH: If I didn't make it

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1 clear, I mean **off** of the MichCon system as compared
2 to not ever being on **it**.

3 2 (BY MR. SMITH, CONTINUING) In other words, we've
4 talked about on-system gas under your proposal, under
5 MichCon's **proposal**, and then that Antrim gas never
6 gets onto that system. Now I want to talk about the
7 Antrim gas that never got **on** the MichCon wet header
8 system **as** off-system gas?

9 1 Okay.

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MAZUCHOWSKI CROSS SMITH

1 Q And how much off-system gas, with that definition,
2 was there back in May of 1994?

3 A I believe there was probably 25 to 35 million a day
4 going off the Terra-Hayes pipeline system onto
5 MichCon. There would be, you know, 5 million a day
6 going off on the Gage plant, or never making it to
7 the MichCon system, I guess. And let's just say 5,
8 under 5 that was coming off of the Hunting plant.

9 3 Okay. Another 15 for Mercury?

10 A Fifteen going into Great Lakes at the Mercury
11 interconnection.

12 Q Any others?

13 A No, I don't think so.

14 Q Okay. Under your proposed system, the 20-inch dry
15 line from South Chester to Goose Creek, where would
16 you propose to locate that line geographically in
17 relation to MichCon's wet header?

18 A I would propose to locate it exactly where MichCon
19 has proposed to locate it.

20 Q In the existing --

21 A In the existing corridor, and not increasing the
22 corridor width any, and using the terms that we
23 worked out with the DNR when we had some meetings up
24 there.

25 Q Okay.

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MAZUCHOWSKI CROSS ERICKSON

1 MR. SMITH: Your Honor, I have no
2 further questions. Thank you, Mr. Mazuchowski.

3 THE WITNESS: Thank you

4 JUDGE MACE: Mr. Erickson?

5 MR. ERICKSON: Thank you, Your
6 Honor.

7 CROSS-EXAMINATION

8 BY MR. ERICKSON:

9 Q Good morning, Mr. Mazuchowski.

10 A Good morning.

11 Q Refer to your Exhibit S-210, if you would, please.

12 As I understand this schematic, it identifies a
13 portion of the flows that you have quantified on the
14 top section of S-208 under the Staff expected flow
15 rate column. Is that an accurate understanding?

16 A Yes, it is.

17 Q The figure of 22 Q represents part of the shrinkage
18 which would account for which volumes in the
19 downstream capacity requirement under the Staff's
20 expected flow rate column? Looking at the top of
21 S-210 where you have 22 Q carbon dioxide, which I
22 assume means 22 million in quantity.

23 A Yes,

24 Q And that would account for part of which one of the
25 volume items on the top part of S-208, the middle

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MAZUCHOWSKI CROSS ERICKSON

1 column?

2 A The question is where does the 22 fit in on the
3 middle column of S-208?

4 Q Yes.

5 A I think the 22 would fit better into Exhibit S-207.
6 It's roughly about half of the 45 there.

7 Q okay. And the relationship, as I understand it,
8 between S-207 and the top section of S-208 is to the
9 maximum column directly. And you haven't performed a
10 parallel for the expected flow rate column in
11 S-208 -- let me rephrase it.

12 You haven't prepared a parallel
13 to S-207 that would correspond to the expected flow
14 rate column in S-208. Am I correct?

15 A No, I performed that,

16 Q Well, which exhibit provides that parallel? I notice
17 that you gave US numbers which wound up totalling
18 938. But I guess I didn't see an exhibit that
19 actually broke it down the way you broke down the
20 maximum flow on S-207.

21 A Right. I didn't provide an exhibit, but I performed
22 the calculation,

23 Q Okay, I see what you're saying. For the expected,
24 would you agree that S-210 deals with expected flows,
25 or did I misunderstand?

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1 Q S-210 was kind of like a model that showed how the
2 flows could flow if you built the 20-inch pipeline.

3 Q Okay. These are capacity figures, not expected flow,
4 maximum flow or minimum flow.

5 A That's correct.

6 Q Okay, there's where I was missing something. Okay.
7 Let's look at S-210 again now that I've got that
8 clearer in my mind.

9 Beginning at the top, first of
10 all, the 20-inch line the Staff proposed would be
11 capable of moving 260 million cubic feet a day from
12 South Chester to M-72, as I understand it.

13 A That's correct.

14 Q As I understand it, the proposed South Hayes plant
15 would remove 22 million cubic feet of carbon dioxide
16 that would enable some injections downstream from
17 that plant to be handled in that 260 million capacity
18 that you just identified. Am I right?

19 A That's correct.

20 Q Okay. Now, the next capacity figure that I see is
21 268 million between Goose Creek and M-72. I take it
22 that the difference between 260 and 268 represents
23 capacity of the existing 12-inch line between Goose
24 Creek and M-72. Am I correct?

25 A No.

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MAZUCHOWSKI CROSS ERICKSON

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1 Q What does the difference represent?

2 A The 268 represents the 260, starting out at South
3 Chester, removing 22 million a day of carbon dioxide
4 and adding in 30 million a day at Goose Creek of new
5 Antrim volumes from Mercury.

6 Q Okay. So the 268 represents the capacity of the
7 20-inch that the Staff's plan would propose plus the
8 existing 12. From --

9 A Well, you could -- I guess that would be correct.
10 But, I mean, the 268 would be what is available to
11 move downstream at Goose Creek.

12 Q Okay. The 268, is that the maximum capacity or is
13 that related to an expected flow? Because the 30
14 million from Mercury isn't a capacity but rather a
15 production number; am I right?

16 A Right. This model, the flow of 268 downstream of
17 Goose Creek using both pipelines, the 20-inch that I
18 propose and the 12-inch of M-72.

19 Q Okay. But between Goose Creek and M-72 is the
20 maximum capacity of the two lines 268, or is the 268
21 a combination of the 260 capacity of the 20-inch line
22 plus those adjustments of 22 and 30 that you
23 described a moment ago?

24 A The 268 is a function of the volumes, the 22 and the
25 30.

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1 Q Okay. Now the 12-inch line, what would the capacity
2 of the 12-inch line between Goose Creek and M-72 be,
3 assuming expected operating pressure of 966 pounds at
4 Goose Creek?

5 A It would be a lot less than 268. I don't know the
6 exact number.

7 Q Well the 268, the figure between Goose Creek and
8 M-72, 260 of that could be moved on, as I understand
9 it, on the Staff proposed 20-inch line. I'm trying
10 to find out how much in addition to the 260 could be
11 moved on the 12-inch line.

12 A You know, the way this model was derived this is the
13 maximum numbers that can flow. I mean, there could
14 be more pipeline capacity between Goose Creek and
15 M-72. But based on these specific set of numbers --
16 you know, I guess I don't know what the capacity, you
17 know, that maximum capacity would be in between
18 there.

19 Q Okay. Is the 268 capacity limitation driven by
20 downstream capacity rather than the theoretic
21 capability of the 12-inch line between Goose Creek
22 and M-72?

23 A I didn't -- the 268 isn't a cap-city number, 268 is
24 the volume that was chosen to flow between those two
25 points. I don't know what the capacity is. If the

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1 20-inch pipeline and the 12-inch was designed
2 optimally, what **it** would be, this shows that **268** can
3 flow with the two pressures that I show here.

4 **Q** Okay. I understand the **268** can flow. I'm trying to
5 find out whether or not we could flow more than **268**
6 as shown in this schematic, And **it** seems to me
7 intuitively the 12-inch line with an inlet pressure
8 **of 966** pounds would move more than **8** million cubic
9 feet a day from Goose Creek to M-72. So I'm trying
10 to find out whether or **not** that's an accurate
11 conclusion.

12 **A** That is an accurate conclusion.

13 **Q** Okay. Now does that mean, therefore, that the
14 quantity numbers that are shown downstream from Goose
15 Creek do **not** represent **maximum** capacity of the system
16 that you've diagrammed but rather represent
17 anticipated flows on the system downstream of Goose
18 Creek?

19 **A** Well downstream from Goose Creek, that number is
20 anticipated flows.

21 **Q** Okay. Upstream from Goose Creek, the **260** represents
22 the maximum capacity of the 20-inch line, assuming an
23 inlet pressure of **1050** pounds. Do you agree?

24 Let me rephrase the question.

25 **A** You know, generally I agree there.

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1 P Okay. As I look at S-210, assuming an inlet pressure
2 of 1050 pounds and an outlet pressure at Goose Creek
3 of 966 pounds, the maximum capacity of the Staff's
4 proposed 20-inch line to Goose Creek would be 260
5 million cubic feet a day. Am I right?

6 A With those two pressures, yeah, all that's going to
7 flow on that system is 260.

8 Q Okay. Now, is the Staff's proposal recommending a
9 20-inch new line that has an MAOP of only 1050
10 pounds?

11 A No.

12 Q So the MAOP, what would be the assumed MAOP of the
13 Staff's proposed 20-inch line?

14 A It would have to be 1050 or above.

15 Q But as a matter of construction design, the 16-inch
16 line that you're replacing with a 20-inch line was
17 set for a 1440 MAOP. Would the new 20-inch line have
18 a similar MAOP as a matter of design that was built
19 into the cost estimates that you provided us in
20 Exhibit S-209?

21 A You know, it could be. I never looked at the MAOP.
22 I just -- you could come out with a pipeline that
23 would serve that function for the price I estimated.

24 Q Okay.

25 A It just has to be greater than 1050.

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1 Q I understand what it has to be to do it, but I'm
2 trying to figure out what the Staff's design system
3 is capable of doing. And looking at the cost for the
4 20-inch dry line on Exhibit S-209, would those costs
5 purchase a 29 mile 20-inch line with an MAOP of 1440?

6 A I don't know.

7 Q What was the method that you used develop that cost
8 of \$17,700,000?

9 A I used what MichCon proposed as a cost for a 20-inch
10 line and prorated it for 29 miles.

11 Q Which 20-inch line are you referring to there, that
12 you prorated?

13 A The Taggart to Hamilton pipeline, 20-inch.

14 Q Would you have any objection to modifying the Staff
15 proposed pipeline, if you're going to put in a
16 20-inch line, to design it at a level and recognize
17 costs at a level that would permit an MAOP of 1440
18 and hence potentially permit a flow capacity greater
19 than 260 million?

20 A I don't think you need a flow of greater than 260
21 million.

22 Q Do you think that the incremental cost of designing
23 the line to handle greater pressure than an MAOP of
24 1850 would provide flow flexibility at a reasonable
25 incremental cost?

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1 A If the cost were reasonable, you know, it's just hard
2 to say, to answer your question, until you look at
3 specific costs.

4 Q Well, did you examine the projected cost of a 20-inch
5 1440 pound MAOP line proposed by NGC Energy Resources
6 in Case U-10580?

7 A I looked at those costs.

8 Q Did the cost per mile of that 20-inch line compared
9 to the cost per mile of the 20-inch line that you
10 developed on Exhibit S-209 differ materially?

11 MR. O'CONNELL: Objection, Your
12 Honor. The other case, an application which there
13 has not been an order on, particularly what has been
14 characterized as a competing pipeline proposal, there
15 is no foundation that MichCon could or would build a
16 pipeline for those cost estimates.

17 MR. ERICKSON: Your Honor, I
18 believe that Mr. O'Connell assumes that I'm asking
19 the question for a purpose broader than the purpose.
20 The relevance of the question is to deal with the
21 sensitivity to volume flows as well as the
22 sensitivity to costs.

23 I believe, under the Commission's
24 rules of practice, based on Mr. Mazuchowski's
25 expertise --

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1 JUDGE MACE: I'll allow the
2 answer.

3 MR. ERICKSON: Could I have the
4 question read back?

5 (Whereupon, the court
6 reporter read back from
7 the record as requested.)

8 JUDGE MACE: Well somehow, I
9 don't think that was the question. I thought your
10 question included something related to the NGC.

11 MR. ERICKSON: Yes. Because I
12 asked an initial question of was he familiar, and he
13 indicated he was. And that was my lead into the
14 question, which was did the cost per mile of the line
15 which you reviewed have a material difference from
16 the cost per mile of the line he was proposing, was
17 the question.

18 Let me rephrase the question.
19 And if Mr. O'Connell has a remaining objection . . .

20 JUDGE MACE: Fine.

21 Q (BY MR. ERICKSON, CONTINUING) Mr. Mazuchowski, as I
22 understood it in Exhibit S-209 you developed a cost
23 for a 20-inch line the Staff is proposing, And as I
24 understood your last answer, you also reviewed the
25 cost of a 20-inch line proposed by NER in Case

MAZUCHOWSKI CROSS ERICKSON

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1 U-10580.

2 My question is, is based on that
3 information was there a material difference in cost
4 per mile between those two 20-inch lines?

5 A There was a difference, but I don't recall the
6 difference right now.

7 Q You do agree that that price, or that proposal had
8 1440 MAOP, which would increase the flow capability
9 you've identified of 260 million on S-210.

10 A I think the flow was 1300 MAOP. But they did state
11 it to be 1440 in their application.

12 Q All right. Since Exhibit S-210 downstream from Goose
13 Creek identifies flows, let me see what I should
14 connect those quantity figures on S-210 to in your
15 prior exhibits. Would it be S-208, S-207 or S-206?

16 A It would be S-206.

17 Q Okay. Now, the 268 million represents a portion of
18 the 264 million for the second year in Column 5 of
19 S-206. Am I correct?

20 A The -- what was the question?

21 Q The 268 on S-210 from Goose Creek to M-72, as I
22 understand it, represents a portion of the Year 2
23 Column 5 figure of 364 million on S-206.

24 A The 260 corresponds to Column 7.

25 Q Oh, okay. The extra 8, then, actually represents a

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1 small chunk of Column 4, as well as all of Column 7.

2 A Yeah, the Mercury volume would be in Column 4, all
3 the Mercury volume.

4 Q Okay. Now as I understand it, what you do at M-72 is
5 you split the stream and 145 million goes from M-72
6 to Kalkaska and 133 million goes from M-72 to the
7 Consumers Power Gillog Road station. Am I right?

8 A Yes.

9 Q And then as I understand S-210, the 145 million gets
10 split; 18 million goes from Kalkaska to Gillog Road
11 and 127 million goes downstream through MichCon's
12 compression into the Kalkaska-Woolfolk line. Am I
13 correct?

14 A That's correct-

15 Q Now in your review, as I understand it, the existing
16 facilities would have a capacity at least equal to
17 the flow of 145 million and 133 million. Is my
18 understanding correct?

19 A The existing facilities today would have . . .

20 Q The existing facilities today, assuming the pressures
21 that you've identified in Exhibit S-210, would they
22 have capacity at least equal to the flows that you've
23 shown on that exhibit?

24 A There might have to be a minor upgrade of Consumers
25 Power Company's pipeline system, that I believe

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1 they're **doing** currently, as -- now.

2 Q That would be done even **if** nothing was done in this

3 case.

4 A That's correct.

5 Q So from the standpoint of the way the system is going

6 to **look**, these -- there would be capacity capable of

7 moving the **133** million and the **1.45** million, as you

8 understand it.

9 A If you could get **962** pounds to M-72 through *the*

10 existing facilities, then there would be those

11 capacities **today**. So only **if** you can get pressure at

12 M-72 to be **962**.

13 Q If the pressure **at** M-72 **is** less, the flows downstream

14 are less.

15 A Correct.

16 Q Everything else remaining equal.

17 A But, you know, to get that pressure, I had to build a

18 20-inch between **Goose** Creek and M-72.

19 Q I understand. The pressure at M-72 would not be

20 correct **if** you built something other than the 20-inch

21 line you've **proposed**.

22 A Well, it would be something different.

23 Q Yeah. If it were a smaller line, then the pressure

24 would be lower **if** it were -- if you tried to move the

25 same volume, And if it were a larger line and you

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1 were trying to move the same volume, the pressure at
2 M-72 would be higher.

3 A Right.

4 Q Let's turn to Exhibit S-208 if you would, please, Mr.
5 Mazuchowski. As I understand this section that
6 you've captioned downstream capacity required (1996),
7 this does not identify necessarily capacities of the
8 systems that are identified, but rather expected flow
9 rates at ~~minimum/maximum~~ and the midpoint that the
10 Staff is projecting. Is my understanding in that
11 regard correct?

12 A You're talking about the upper half now?

13 Q Yes.

14 A The upper half of the exhibit is flows that would be
15 coming into Kalkaska.

16 Q And not an attempt to define the capacities upstream
17 from Kalkaska.

18 A Well, the east wet header volume would be a capacity
19 upstream of Kalkaska. But the other ones are all
20 flows.

21 Q Okay. But if you had, if you -- if the Commission
22 approved the system you've identified in Exhibit
23 S-210, the flow on the east wet header would be
24 reduced at least by 260 flowing on the dry line
25 proposed by the Staff. Am I right?

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1 A Could you repeat that?

2 Q Yes. When I look at the 325 on S-208 for east wet
3 header, that's the existing capacity of the combined
4 wet/dry flow. If the 20-inch line that you propose
5 and diagram on Exhibit S-210 were built, then 260
6 would be shifted to that line and off of the east wet
7 header, leaving an aggregate capacity of the total
8 system after the Staff improvements that would be 260
9 million cubic feet higher than the 325 east wet
10 header volumes shown on S-206. Am I correctly
11 understanding the circumstances, assuming your
12 proposal is built?

13 A That would be correct for the minimum case, the 881,
14 you could add 260 to that.

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MAZUCHOWSKI CROSS ERICKSON

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1 Q Well, in terms of capacity, the wet header currently has
2 capacity of 3251

3 A Right.

4 Q And in terms of capacity, the Staff's pipe would handle
5 260 million?

6 A In terms of the capacity, yes, that is depicted here on
7 210.

8 Q Okay. So the capacity available to move the gas would
9 be the sum of 325 and 260, approximately, if you --

10 A That's correct.

11 Q Okay. So looking at the capacity upstream from
12 Kalkaska, these numbers on S-208 don't identify that,
13 the capacity of the Staff's proposal, they would
14 understate the capacity of the Staff's proposal,
15 together with the other systems that have been certified
16 or exist?

17 A Well, this thing was -- you know, these numbers that
18 were shown here were shown to show how much capacity,
19 pipe capacity was needed, not what my system would show.
2a You know, this was done before I designed my system.

21 Q Right. S-208 was designed to show what capacity was
22 needed downstream, not what capacity your system would
23 have upstream; am I right?

24 A Right.

25 Q Okay. Actually you would have more than --

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MAZUCHOWSKI CROSS ERICKSON

2972

1 A But it also -- well, I think it also shows that you only
2 need 57 or 130 million a day of capacity upstream of
3 Kalkaska.

4 P Right, but you're adding 260 million a day upstream?

5 A That's correct.

6 Q So the Staff's plan would actually yield the difference
7 between 260 and 57, or 203 million of available capacity
8 flexibility?

9 A Yes. It did provide for flexibility. That was
10 something the producers had requested.

11 Q Okay. Now, as I understand Exhibit S-207, in the
12 downstream capacity available column or line, I'm sorry,
13 or whatever, you've got a figure on an expected basis
14 for Consumers Power of 185 million. Is that an accurate
15 understanding of that part of the exhibit?

16 A On S-208?

17 Q S-208, yes.

18 A Yes, I have 185 million.

19 Q Now what inlet pressure to Consumers Power does that
20 number assume?

21 A It was based on the representations in the 10527 case.
22 I'd have to go back and look at the notes.

23 Q Mr. Biek's exhibits in 10527, do you have them?

24 A No, I don't think so.

25 Q Would you take a look at -- I've got a copy of Exhibit

MAZUCHOWSKI CROSS ERICKSON

1 A-1 from that case, and can you tell me --

2 MR. O'CONNELL: May I see it?

3 Q (BY MR. ERICKSON, CONTINUING) Let me ask you, first of
4 all, do you recognize that as an exhibit that would
5 present the Consumers system configured in a way similar
6 to the way you have it configured in Exhibit S-210?

7 A Yes, this is the exhibit from that case.

8 Q Okay. And looking -- and does that exhibit configure
9 the Consumers system in a way similar to the way you
10 have it configured in S-210?

11 A Yes.

12 Q And does that exhibit help you recall at what pressure
13 the Consumers system would be capable of flowing the 133
14 million and the 145 million that you have identified on
15 Exhibit S-210?

16 A Could you repeat that question?

17 Q Yes. Looking at Exhibit A-1, sponsored by Mr. Biek in
18 Case 10527, I'm trying to find out -- a moment ago I was
19 asking you a question about the capacity of Consumers'
20 system, and what pressure was assumed as supporting the
21 proposal and you didn't recall what it was.

22 And so I'm trying to see if that
23 exhibit enables you to recall the pressure?

24 A What really confused me was you -- and I understood that
25 question, but then you talked about my exhibits and flow

MAZUCHOWSKI CROSS ERICKSON

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1 south of there, and so you started -- I thought you were
2 asking me another --

3 Q Maybe there was just a miscommunication between you and
4 I. Let me --

5 A So to answer your first question, you know, the pressure
6 is about 950 to 988 to get the 185 flow.

7 Q Okay.

8 MR. SMITH: I'm sorry, Your Honor, I
9 didn't hear that answer. Could I ask for it to be read
10 back or repeated?

11 THE WITNESS: It's 950 pounds.

12 MR. SMITH: Thank you.

13 Q (BY MR. ERICKSON, CONTINUING) That's right, that's
14 where we started from was in S-208 with 185, and I asked
15 you what was the pressure assumed.

16 A Right, it's 950 pounds.

17 MR. O'CONNELL: Can I ask where?

18 Q (BY MR. ERICKSON, CONTINUING) 950 pounds at Goose
19 Creek, am I right; that's what we were talking about?

20 A That's correct.

21 Q So if the Staff's system would get the pressure to 966
22 pounds at Goose Creek, then the take away capacity of
23 Consumers Power might be slightly greater than the 185
24 million shown in the middle column on Exhibit S-208; am
25 I correct.?

MAZUCHOWSKI CROSS ERICKSON

1 A Can you repeat the question please?

2 Q Let me state it differently.

3 As I understand it based on what you
4 and I have just gone through, the figure of 185 million
5 cubic feet of Consumers Power take away capacity may be
6 conservatively understated because the 185 would be --
7 represent capacity at an inlet pressure of 950 pounds at
8 Goose Creek and because your Exhibit S-210 assumes an
9 inlet pressure of 966 pounds; am I correct?

10 A Well, you have to take gas off at Kalkaska, in addition
11 to having the pressure be at 966.

12 You know, Consumers' system was
13 based on them keeping all the gas on their system. So
14 their volume was 185, but if you took gas off at
15 Kalkaska and then you'd be able to flow more. Maybe
16 that wasn't the right answer.

17 Q I see what you're saying, is that if you took some gas
18 off at Kalkaska, you might be able to inject additional
19 gas into the Consumers system. And the total take away
20 capacity of removing gas on to MichCon at Kalkaska
21 together with the Consumers capacity might make the
22 total take away capacity greater; am I right?

23 A That's correct.

24 Q Okay. All of these things are inter-dependent and each
25 time you change something, you get a dynamic situation

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1 where the capacity can go up or down, the flows can go
2 up or down, right?

3 A That's correct.

4 Q Because of the many detailed questions thus far, let me
5 ask you a question about your Exhibit S-208.

6 You've made a change to increase the
7 incremental Antrim volumes from 15 to 57, thus the total
8 downstream requirement from 896 to 938, and you and I
9 have now discussed the possibility that the aggregate
10 downstream capacity might be slightly higher than you
11 show on S-208.

12 A Now I lost you again.

13 Q Okay. I thought that what we had concluded, and
14 perhaps I confused the issue and misunderstood, was that
15 the 185 for Consumers Power was a number based upon
16 Consumers Power's projections to take away at Goose
17 Creek at 950 pounds?

18 A That's correct.

19 Q Under Exhibit S-210, because of the different upstream
20 facility the Staff is proposing, the pressure might be
21 966 and so the 185 might go up slightly?

22 Yes. And that's depicted on 208 also under the maximum
23 case.

24 Q Okay. So in essence, the change that you made to S-208
25 doesn't in any way change your opinion that there is

1 sufficient take away capacity for the minimum expected
2 maximum Antrim flows that you've identified?

3 A I think there is sufficient take away capacity
4 downstream of Kalkaska and hence, I've not proposed any
5 facilities and have recommended that the MichCon
6 facilities that are proposed, specifically the
7 Kalkaska/Woolfolk pipeline, not be built.

8 Q Okay. Let's turn to Exhibit. S-206 for a minute, and
9 your testimony on page 7. Do you have those?

10 A 206 and what other exhibit?

11 Q S-206 and page 7 of your prefiled testimony.

12 A Yes.

13 Q As I understand your testimony on page 7, line 24
14 through 26, the numbers in Column 2 of S-206 represent
15 all Antrim gas produced in Michigan, not just Antrim gas
16 produced in the areas that would be served by the wet
17 header and the proposed new systems; is that an accurate
18 understanding?

19 A Yes.

20 Q So in that, by including all Antrim production, you
21 conservatively have maximized what you expect to be the
22 Antrim flows to be served by the proposed systems; am I
23 right?

24 A That's correct.

25 Q The difference between the capacity figures as I

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1 understand it, in S-207 and the bottom capacity figures
2 in S-208, represents the difference in total pipeline
3 systems basically at a dividing line that we could
4 roughly describe as Kalkaska; is my understanding in
5 that regard correct?

6 In other words, what I guess I'm
7 asking -- let me rephrase the question -- is it's my
8 understanding the capacities in Exhibit S-207 are
9 roughly upstream of Kalkaska, whereas the capacities in
10 S-208 are downstream of Kalkaska, but not inclusive of
11 some of the downstream capacities that are implicit in
12 the off-system capacities of Exhibit S-207; am I right?

13 A Yes. 207 was just what type of gathering system you
14 needed or what, you know, upstream of Kalkaska, what
15 type of system did you need. You know, how big a system
16 did you need, and I show the maximum would be 130
17 million a day, you know, under the maximum case, and
18 then this one shows basically what's needed downstream
19 of Kalkaska and --

20 JUDGE PACE: And this one is S-208.

21 THE WITNESS: S-208.

22 Q (BY MR. ERICKSON, CONTINUING) Now, as I understand it,
23 the cost projections that you've identified in Exhibit
24 S-209 do not identify all of the costs to get Antrim gas
25 from central production facilities in aggregate to the

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1 four markets; am I correct?

2 A That's correct.

3 Q Is it also true that the 7.73 cents identified by Staff
4 witness Aldrich as you understand it, does not cover all
5 of the costs of getting gas from central production
6 facilities of the various Antrim producers and their
7 various projects to the four markets?

8 A That's correct.

9 Q One of the things that the costs in Exhibit S-209 and
10 the Staff's 7.73 cents doesn't cover is CO-2 treatment;
11 am I correct?

12 A That's correct.

13 Q Does the Staff recommend that the MPSC in this case
14 require CO-2 treatment to utilize the facilities that
15 the Staff has identified in Exhibit S-209?

16 A The Staff is contemplating requiring Co-2 treating to be
17 done, but we haven't decided if we would or not.

18 Q Well, let's put it this way: from a standpoint of the
19 review of the Staff's proposal in light of the Gas
20 Safety Code, and your understanding of those
21 requirements, would it be necessary to treat and remove
22 CO-2 from Antrim gas to safely over the long run utilize
23 the Staff's system identified in Exhibit S-209?

24 A Yes.

25 Q Given the Staff's proposal in your Exhibits S-209 and

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1 S-210, in which you've identified a stand alone part of
2 the total system, would it be accurate for me to
3 conclude that the total cost to get from various
4 production facilities to one of the four markets would
5 vary from producer to producer depending upon what other
6 components of the total system were added into the
7 Staff's proposed component of the system?

8 A Yes.

9 Q On page 17 of your prefiled testimony, you discuss the
10 Charlton pipeline beginning on line 17.

11 As I understand it, that's not part
12 of the system diagrammed in Exhibit S-210 nor included
13 in the costs identified in Exhibit S-209; am I right?

14 A On 210, the Charlton pipeline is not included, but in
15 209 we do include 4.5 miles of the Charlton pipeline.

16 Q Okay. So you would be rolling into your costs then the
17 Staff rate of 7.73 cents, the cost of the Charlton
18 system which is upstream of the stand alone 20 inch
19 component of the system?

20 A Yes. There'd be an additional piece of 4.5 miles of
21 pipe required under Staff proposal that's called
22 Charlton pipeline, just a smaller version of what
23 MichCon proposed.

24 Q But you haven't rolled into the Staff's cost of rates
25 the upstream costs of the North Chester lateral, or the

1 CMS or Spartan or Saginaw Bay Lovells, Conners Marsh,
2 Saginaw Bay main line facilities; am I correct?

3 A That's correct. Only the 4.5 miles of the Charlton
4 pipeline.

5 Q Incidentally, in terms of the Staff's proposal, it rolls
6 in the incremental O & M, as I understand it?

7 A That's correct.

8 Q With regard to the embedded O & M costs of operating
9 this new Antrim Expansion Project or dry header,
10 whatever you want to call it, would you agree that
11 assuming MichCon built the system, that those embedded
12 costs would already be reflected in MichCon's base
13 rates?

14 A Yes.

15 Q So you didn't include them in your recommendations
16 because you didn't want to double count them?

17 A That's correct.

18 Q On page 19 of your prefiled testimony, line 13, you talk
19 about the possibility of Great Lakes transporting 51
20 million cubic feet a day.

21 Under the schematic that you have
22 diagrammed and reflecting the existing or currently
23 certified but as yet unconstructed facilities, is there
24 the physical capacity to move the 51 million, ignoring
25 the Great Lakes contract obligations?

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1 A Yes.

2 Q The constraint happens to be how much **of** Great Lakes
3 physical capacity is otherwise contracted; **am** I correct?

4 A Well, even then you could backhaul. **So** really there is
5 no constraint.

6 Q Okay. This **51** million a day, in other words, refers to
7 simply developing a backhaul, or finding a hole in the
8 physical space, not **anything** to do with a need of an
9 additional physical interconnection between the Antrim
10 gathering system and Great Lakes; **am** I right?

11 A Yes.

12 Q On page **20** of your prefiled testimony, the answer
13 beginning on line **23**, **as** I read that testimony, there
14 you're discussing a concern about the possibility of
15 inequity, discrimination or unfairness in trying to roll
16 in the gathering costs to the rate for the Antrim
17 Expansion Project?

18 A Line **23 of** what page were you on?

19 Q Page 20. Let me rephrase the question once you get
20 there. Do you have page **20**, line **23**?

21 A Yes, yes. Page **20**, line **23**, **yes**.

22 Q Yes. The answer that begins ~~there~~ and continues on to
23 the next page seems to me to **be** dealing **with** your
24 concerns about equity and fairness and the possible
25 discriminatory impacts of rolling in costs, some costs

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1 but not all costs. Have I drawn an accurate conclusion
2 in part relative to the concern in this portion of your
3 testimony?

4 A Yes.

5 Q Now there's two ways to deal with that inequity. One
6 would be to roll everything in; the other is to roll
7 everything out. And as I understand it you're proposing
8 to roll everything out to eliminate the inequity?

9 A Yes.

10 Q In terms of inequity, would you agree that if we rolled
11 everything in, we would accomplish that goal, the equity
12 goal, in a fashion equivalent to your rolling out
13 proposal?

14 A It would be very complicated, but yes, you could do it
15 if you could find an allocation method.

16 Q Yesterday afternoon you and Mr. Smith discussed
17 minimizing the need for compression at Kalkaska relative
18 to a 16-inch line running into Kalkaska versus a 12 inch
19 line running into Kalkaska. Do you recall that
20 discussion?

21 A Yes.

22 Q As I understand it, if we were to compare MichCon's
23 proposal in this case from Goose Creek to Kalkaska, with
24 the Staff's proposal from Goose Creek to Kalkaska in
25 Exhibit S-210, the MichCon proposal would get more gas

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1 to Kalkaska, but would take away on the
2 Kalkaska/Woolfolk line -- let me start over.

3 The MichCon proposal would get all
4 of the gas to Kalkaska. You've shown some of the gas
5 going to Kalkaska and some of it going south on the
6 Consumers system, is that one of the differences?

7 A Yes, it is.

8 Q Now, in effect, as I understand it, for Niagaran gas or
9 non-Antrim gas, if we compare the Staff's proposal with
10 the MichCon proposal, the Niagaran gas would come in on
11 the 20 inch wet header, under the Staff's proposal, and
12 on the 16 inch new wet header under the MichCon
13 proposal; an I right?

14 A That's correct.

15 Q Under the Staff's proposal, relative to the need for
16 compression to move non-Antrim gas downstream from
17 Kalkaska, would the Staff's proposal or the MichCon
18 proposal require more compression at Kalkaska?

19 A The MichCon proposal requires more compression at
20 Kalkaska, because I haven't proposed any additional
21 compression at Kalkaska and MichCon has.

22 Q Okay. Now you have identified in Exhibit S-210
23 pressure of 716 pounds at Kalkaska. How does that
24 compare to the pressure at Kalkaska under the MichCon
25 proposal? Is it higher?

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1 A The MichCon pressure is lower.

2 Q Okay.

3 A I think it's --

4 Q How does the 716 compare to the existing operation at
5 Kalkaska?

6 A That's higher than the existing.

7 Q So the Staff proposal would yield higher inlet pressures
8 at Kalkaska than either the existing operation or the
9 MichCon proposed operation?

10 A That's correct.

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1 JUDGE MACE: Mr. Erickson, I'd like
2 to take a 15-minute recess at this point.

3 (A brief recess was taken from
4 10:30 a.m. until 10:49 a.m.)

5 JUDGE MACE: Let's go back on the
6 record. Mr. Fields has brought up the question of
7 the briefing schedule again, and has suggested that
8 maybe it could be discussed -- a change in the
9 briefing schedule could be discussed over the lunch
10 hour. And Mr. Fields, since you've brought it up, I
11 guess I'm going to put the responsibility on you to
12 coordinate that and see what you can do.

13 MR. FIELDS: Yes, I will. I'd just
14 like to ask all counsel to consider, take a look at
15 their schedule, particularly in light of all of the
16 cases that are pending, as was brought up yesterday,
17 what would be an appropriate adjustment to propose to
18 Your Honor, and then at 1:30, I assume that's when we
19 would come back, we could perhaps put something on
20 the record. I just thought it would be good for
21 everybody to have an opportunity to think about it.

22 JUDGE MACE: Fine.

23 MR. O'CONNELL: Your Honor?

24 JUDGE MACE: Yes?

25 MR. O'CONNELL: Just as a matter,

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1 next week for cross-examination, I spoke with Mr.
2 Ault, counsel for the other two witnesses besides
3 MichCon, and generally, subject to Mr. Ault chiming
4 in, the order of witnesses will be Mr. Myler, Mr.
5 Carl, Mr. Cieslak from Michigan Consolidated, Mr.
6 Kurmas from MichCon, and Mr. Wolter for MichCon.

7 JUDGE MACE: Okay. Thank you.
8 Anything else? If not, then Mr. Erickson, why don't
9 you go ahead?

10 MR. ERICKSON: Thank you, Your
11 Honor.

12 Q (BY MR. ERICKSON, CONTINUING) Mr. Mazuchowski,
13 yesterday afternoon you and Mr. Smith discussed the
14 subject of ownership of the Staff's proposed 20-inch
15 line from South Chester to M-72, in particular, from
16 Goose Creek to M-72, and you indicated, in the
17 context this case, that MichCon would be the builder,
18 owner and operator of that facility; do you recall
19 that?

20 A Yes.

21 Q In effect, I take it that your answer to Mr. Smith
22 was in the context that the Staff alternative
23 identified in your exhibits, including Exhibit S-210,
24 is an alternative to the MichCon proposal in this
25 case. Would it be fair to understand your answer in

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1 that context?

2 A That **is** my proposal. I don't understand your
3 question.

4 Q Well, in other words, because that's the context, I
5 assume that context in part was why you gave the
6 answer you did. It seems to me --

7 A What **was** the first question, I guess? That MichCon
a build the Goose Creek-M-72 portion, right?

9 Q Yes. You made that statement yesterday, and I'm
10 looking here, there **was** -- I had a question because
11 of something you had said in your prefiled testimony,
12 and I'm trying to find it.

13 A Well, the exhibit **just** left out that line, but the
14 **cost** was always **from** South Chester to M-72.

15 Q The question **was** who **owns** it, and your answer was
16 MichCon, **and** I've got a question here, and I'm sorry,
17 I apologize, let me **find** the relationship that I'm
18 **looking** for. Well, I'll come back to that. I just
19 **lost** track, I apologize, Your Honor.

20 Yesterday afternoon, you and Mr.
21 Smith discussed the subject **of** the MichCon **dry** system
22 and the Terra Hayes interconnect, **and** the **five**
23 percent **C02** content of that gas. And there was
24 something -- there **was** a discussion about using the
25 Jordan **Valley** plant for treating of that **gas**. With

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1 reference to running off of the top of Exhibit S-210,
2 could you help me understand where the location of
3 the Jordan Valley plant is, the Terra Hayes line, the
4 Staff's proposed line and the wet header are?

5 A Okay. Well, the wet header **is** shown as a second line
6 -- **as** the line below the solid line, the horizontal
7 solid line between South Chester and proposed South
8 Hayes plant. So that the Staff line, the Staff
9 proposal is a solid line that starts at South Chester
10 and **goes** west, the wet header **is** the dashed line
11 that's right underneath that.

12 Q I'm with you so far. And then what?

13 A Now, the Terra Hayes pipeline starts at approximately
14 a junction of where those two lines turn and go
15 south, the Terra Hayes line would go north, actually
16 where that arrow -- kind of like where that arrow
17 shows for the 22 million a day coming off of the C02
18 would be a good approximation for the Terra Hayes
19 pipeline.

20 Q Okay.

21 A And that would go like 14 miles due north of there.

22 And then --

23 Q Where would --

24 A -- at the end of that Terra Hayes line **is** where the
25 Jordan Valley line goes east and west between two

1 MichCon dry lines that flow. The Gaylord-Alpena line
2 would be on the east, and the Petoskey Kalkaska line
3 would be on the west. And also, near where it
4 connects with the MichCon Gaylord-Alpena line is the
5 Great Lakes pipeline that runs approximately parallel
6 to the Terra Hayes line, it would interconnect with
7 the Terra Hayes line and the Jordan Valley pipeline.

8 Q So if the Jordan Valley CO2 plant is going to treat
9 gas off of the Terra Hayes line, would the gas
10 roughly flow north on the Terra Hayes line from that
11 point that you indicated in South Hayes township to
12 the Jordan Valley CO2 plant?

13 A Yes. Well, the gas would flow -- it wouldn't
14 necessarily have to start off the wet header, it
15 would gather gas in the vicinity of the Terra Hayes
16 line, and then it would move into the plant that's
17 there that Jordan Valley's building, and then could
18 go back in MichCon.

19 Q Okay. And how would it get from the Jordan Valley
20 plant to MichCon?

21 A Well, the Jordan Valley plant is connected both to
22 MichCon and to Great Lakes.

23 Q Now I understand.

24 A And also to Terra Hayes pipeline.

25 Q Okay. So that's -- to the extent that that is a

1 possibility, that is reflected in your Exhibit S-207

2 where you have the 35 million a day for the Jordan
3 Valley pipeline?

4 A The Jordan Valley pipeline could do 35 million a day
5 independent of what that MichCon interconnect could
6 do, but you could, you know, you could flow that into
7 there if you wanted to.

8 Q Your 130 million maximum figure actually then, in
9 effect, would take the -- if there were independent
10 volumes on Jordan Valley, it would take all of the
11 Terra Hayes volumes into the 130 million; am I right?

12 A Hundred and thirty-five million?

13 Q No, I'm looking at S-207, the bottom line, 130
14 million. If the 35 for Jordan Valley were produced
15 on the Jordan Valley line itself, and so that was --
16 that was filled up that way, then the production on
17 Terra Hayes would implicitly fall out to the 130
18 total bottom line?

19 A Right.

20 Q So you've got that Terra Hayes production covered?

21 A Well, it's covered, it's just that --

22 Q It's a question of which way it will go?

23 A It's just conservative on us, just some
24 transportation of a 135 number. I could have made it
25 higher if I wanted, but I just chose a conservative

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1 approach.

2 Q Okay. You and Mr. Smith yesterday afternoon talked
3 about some kind of a consent order or state contract
4 about the Pigeon River Forest and the Charlton line.
5 Was that a case pending before the MPSC, or if not,
6 what was it?

7 A No, that's an order that directs -- concerns the
8 operation of drilling in the Pigeon River State
9 Forest, and it prohibits certain types of oil and gas
10 exploration activities. Well, it has certain
11 conditions, and those conditions have all been met,
12 so I think it's at the stage now that that would
13 prohibit drilling in the Pigeon River State Forest.

14 Q I thought in the context of your discussion with Mr.
15 Smith, there was something in the order that dealt
16 with the subject matter of laying pipelines in this
17 Pigeon River State Forest. Could you clarify that
18 for me?

19 A Well, yeah, he asked me specifically about pipelines
20 in the order, and I wasn't sure about what it says
21 about pipelines, I know it restricts the drilling
22 activity, and I would assume it would restrict
23 pipeline activities, but I said yesterday, and I
24 repeat it today, that I would just defer to the
25 language in the order whenever it concerns pipelines.

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1 Q And do you know what court or case we could refer to
2 to find that information?

3 A I believe that Julie Baldwin gave a specific court
4 reference in her cross, but I could find that out for
5 you.

6 Q Okay. That's good enough. Did that order play a
7 role in your recommendation relative to the Charlton
8 pipeline construction modification that you have
9 recommended in your testimony on page 171

10 A Just somewhat. Mine was primarily based on not being
11 able to determine the volumes that were flowing
12 through there, but also, I would want to make sure
13 there would be -- you know, the crossing of the Black
14 River, I'd want to -- I would want to consider why
15 you'd want to cross that. I guess if the volumes
16 were there, I'd want to see if there would be other
17 alternatives before I'd recommend crossing the Black
18 River. You know, based on what the testimony was of
19 Mr. Kurmas and the cross-examination and discovery
20 answers he gave, he couldn't identify the volumes in
21 that area, so that I recommended that it only be
22 built to a certain point where definite volumes were
23 flowing in.

24 Q Okay. Now, if the Commission adopts your proposal
25 and certifies only the southern 4.5 miles of the

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1 Charlton pipeline, would that remove that proposal
2 from the Pigeon River Forest area that you and Mr.
3 Smith were discussing?

4 A Yes, it would.

5 Q Please refer to Exhibit S-206 again, as well as page
6 7 of your prefiled testimony?

7 A Yes.

8 Q You and Mr. Smith discussed the amounts included in
9 column 2 of Exhibit S-206, and you discussed that
10 column on the bottom of page 7, and as I understood
11 your testimony, your number in that column includes
12 Mercury's production at Wilderness but did not
13 include Mr. Russell's correction to that estimate in
14 Exhibit 1-175; is my understanding correct?

15 A It goes to -- when I looked at these numbers, I had
16 missed that Mr. Kurmas supposedly said on
17 cross-examination that the Mercury volumes weren't
18 included in this MichCon estimate of 590, but I had
19 assumed that it was. And I'm still not sure looking
20 at these numbers that 15 million a day really makes a
21 whole lot of difference whether you include it or not
22 at this stage of the game. But Mr. Smith had asked
23 me if I had included the Mercury volumes thst Mr.
24 Kurmas was talking about in Staff column 2, and I had
25 said no.